



## **Evidence to Low Pay Commission 17th March. The Living Wage: A Regional Study Of Care Homes In Yorkshire.**

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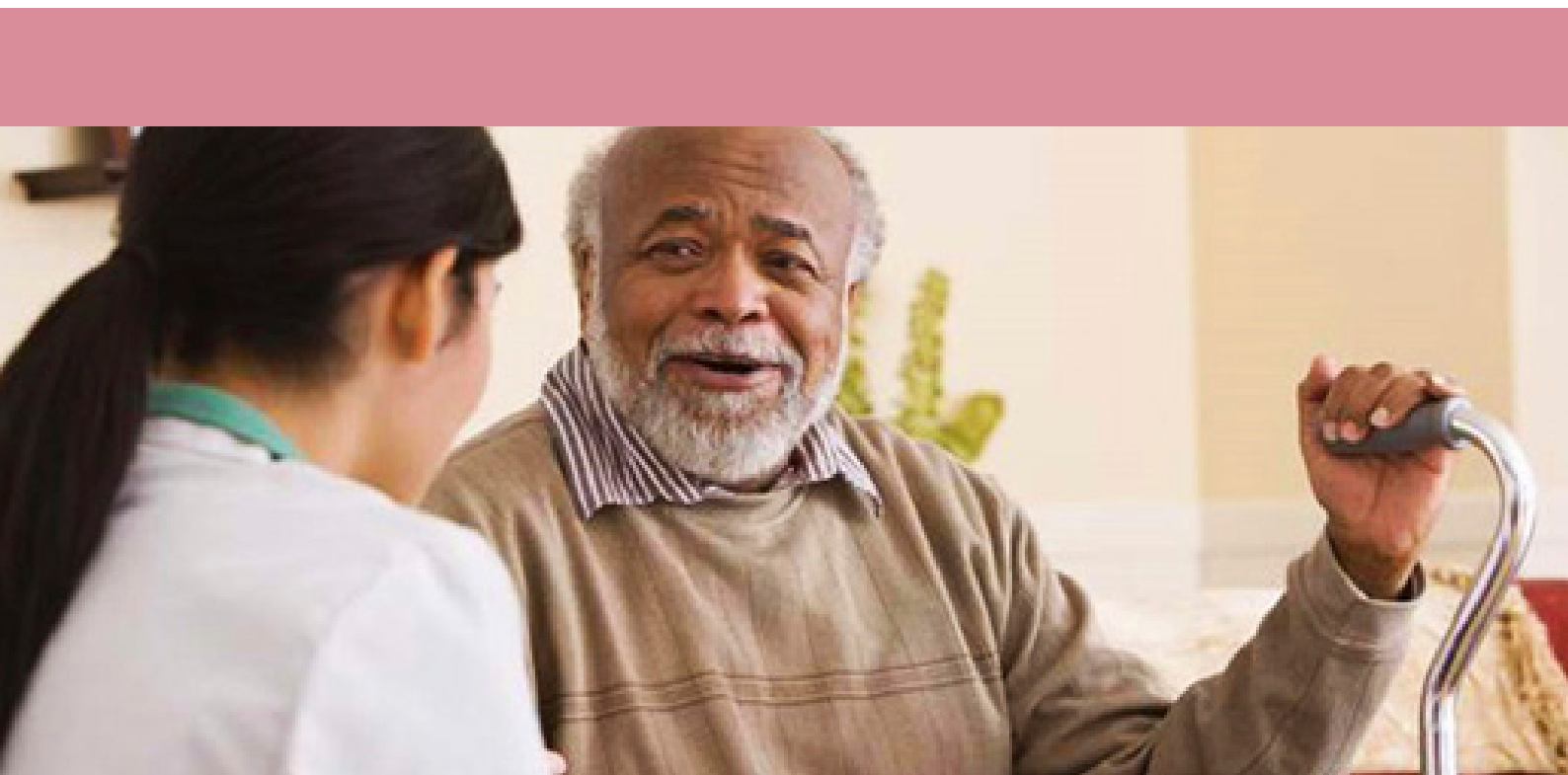
# **THE LIVING WAGE: A REGIONAL STUDY OF CARE HOMES IN YORKSHIRE**

**REPORT EVIDENCE TO THE LOW PAY COMMISSION**

**17th April 2019**

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This study presents findings that examine the issues of low pay and the living wage in the adult care home sector in Yorkshire and Humberside from the perspectives of employees, employers, trade unions and local government.





# Contents

1. THE STUDY .....	5
2. RESEARCH METHODS AND DATA.....	9
3. FINDINGS .....	11
4. CONCLUSIONS.....	23
5. IMPLICATIONS FOR THE STUDY FOR LOW PAY COMMISSION QUESTIONS .....	25
REFERENCES .....	29
APPENDIX .....	30



# 1. THE STUDY

## 1.0 Overview

The project was undertaken in the Yorkshire and Humber Region and examines employers, managers, owners, trade unions and adult social care workers' views of the living wage and the work, conditions and pay of care workers. A focus of the study was to examine the working practices and contracts for care workers including direct hourly pay, indirect pay (including pay premia rates, overtime working, incentive pay, pension contributions and annual leave entitlement).

This study also explored the potential to promote and increase the number of low paid workers receiving the Living Wage Foundation rate in the region, as this was a key objective for the Sheffield Fairness Commission (2013) and identified by the Low Pay Commission (LPC, 2015) as a national problem.

The report provides a background to the care sector, followed by the results. The final part of the report examines the implications of this study as evidence for the research questions set by the Low Pay Commission in 2019/20.

The data collection comprised of three phases:

**Phase 1: A Focus Group** with trade union officials, local authorities and small, regional and national/global employers' examined the challenges of funding both in terms of the increases in the national minimum wage (NMW) set by the Low Pay Commission (LPC) for 2015-2020 and the higher rate set annually by the Living Wage Foundation.

**Phase 2: Interviews with care home managers and owners** to investigate their attitudes and capacity to fund the national minimum wage and pay the Living Wage Foundation rate (above the Low Pay Commission rate of hourly pay).

**Phase 3: Telephone Interviews with care workers (N= 29)** exploring their views of the care workers' role, pay and conditions.

## 1.2 Background to Care Homes

Residential care homes or nursing care homes are facilities that provide a range of personal and in some cases nursing care for clients, depending on the needs of the individual. The care provided may require the specific skills of either a qualified nurse or a care worker. The major care home services are delivered by a range of private companies and providers, whose workforce are mainly support/care workers paid on the national living wage pay rates (Grant Thornton, 2014). Payment for care homes is dependent on an individual's income, but local authorities are directly responsible for care provision in their areas and have a legal duty to meet people's 'eligible needs', subject to their financial circumstances (Competition and Markets Authority, 2017). The care homes sector is estimated to be worth around £15.9 billion a year in the UK, with around 410,000 residents (CMA, 2017). Between 2008 and 2013 the value of care home activities increased by 50.6% (Keynote, 2016).

The number of people aged 85 and over more than doubled, between 1985 to 2014, rising from nearly 700,000 to 1.5 million (Keynote, 2016). While the number of people aged over 65 is projected to grow by 12% (1.1 million) by 2020. An analysis of the care sector reveals that the workforce is projected to increase as demand for the services grows (Gardiner and Hussein, 2015). For example, employment in the sector has increased from 81,000 full-time and 60,000 part-time employees in 2008, to 148,000 full-time and 86,000 part-time (Keynote, 2016). Skills for Care (2018) forecast that an increase of 40% (650,000) jobs would be required by 2035 if the adult social care workforce continues to grow proportionally to the projected number of people aged 65 and over. However, Burns et al (2016) note that reductions in both staff and pay in care homes is a major challenge for the care sector.

### 1.3 Low Pay and Conditions in the Care Home Sector

In 2015, the LPC and other organisations expressed concern about the reduction in local government funding available to pay the national minimum wage rates (Low Pay Commission, 2015; 2016; Unison, 2016). Estimates suggest an increase in the national minimum wage to £7-65 per hour would affect 275,000 care workers (Resolution Foundation, 2014). The United Kingdom Health Care Association calculated that a national minimum wage pay increase would require additional funding from Local Authorities of between £753 million to £1 billion pounds (HM Treasury, 2015; UKHCA, 2015).

The LPC recommended pay increases for the national minimum wage, and specifically identified care workers as being paid just above the minima rates they set (Low Pay Commission, 2015; 2016; Resolution Foundation, 2014). Analysis of national rates reveals that most care workers were more likely to be paid at or below the national minimum wage, with an increasing trend towards using zero-hours contracts in the care sector (Bessa et al, 2013). Data from the Low Pay Commission (2015; 2016 ) shows that just over fifteen per cent of the social care workforce was paid at the going rate in 2016.

Projections of the effects of increases in the national living wage (NLW) show that substantial increases in pay across the lowest quartile distribution of pay for workers aged over 25 would benefit women and part-time workers (Low Pay Commission, 2016). The LPC (2016) found no evidence of pay consolidation (in their early data) or a decline in the use of shift premium or overtime pay. However, the LPC do not evaluate all areas of pay or benefits package such as incentive pay, pension contributions and annual leave entitlement.

A regional perspective of pay in Yorkshire care homes is provided by ASH which analyses gross weekly pay based on national and regional data. Yorkshire and Humberside weekly pay for care home workers shows a trend for an average rise of 5.9% for women, compared to 18.9% for male care workers (ASH, 2018). However, female senior care home workers' pay reduced by 7.2%. Significantly, compared to an average pay rise for male care workers (10.8% full time and 29.5% part-time) women only received 6.2% for full time and 2.9% for part-time. (ASH, 2018).





## 2. Research Methods and Data

**The first phase:** the researchers were invited to attend a care sector forum organised by the General Municipal Boilermakers (GMB), to present an overview of the care sector and conduct a focus group. The focus group comprised of one local authority commissioner of adult care, three care home managers and eight union representatives from the GMB union, employee representatives local and national politicians. The issues explored in the focus group included examining the funding of the care workforce and the challenges of recruiting staff in the Yorkshire and Humberside region.

Data from the focus group was transcribed and analysed

**The second phase:** In order to gather local, regional and national perspectives in-depth interviews with two small private, for-profit care home owners, the Director of a national care home group and eight GMB union representatives recruiting care workers in the sector were conducted. Access was agreed, and the interviews were face to face. The recordings were transcribed and analysed. The issues covered in the interviews included;

- The effects of the national minimum wage rates from 2016-2020 for care workers;
- Employers capacity to fund increases;
- The effects on retention, motivation and attrition for the care workforce;
- Levels of skill related to pay rates;
- The potential for payment of the non-statutory Real Living Wage accredited by the Living Wage Foundation.

**The third phase:** was to undertake telephone interviews with care workers from across the Yorkshire region. Access to recruit volunteers was negotiated by approaching care home owners and the GMB union to meet and recruit care workers and to advertise about the research in the care home networks. Care workers who agreed to participate were briefed about the study and signed an ethics form. They all received assurances that no personal details would be retained and in the findings the anonymity of individuals and organisations would be protected. Interviews with 29 care workers, from 15 different care homes across the Yorkshire region were undertaken.

In order to maintain confidentiality, telephone interviews were conducted and recorded by the researchers, these lasted between half and three quarters of an hour. The telephone interviews with the care workers took place while they were at home, as there was no time available if they were at work. Some of the respondents recommended colleagues who wanted to be part of the study and the researchers contacted and interviewed them. The interviews were transcribed, analysed and, in the results section, respondents are given pseudonyms. Details of respondents from care homes are in Appendix 1.

### 3. FINDINGS

#### Phase 1: Focus Group findings

One of the respondents, Metrocare commissioner, worked for a large Metropolitan County Council commissioning care home places, homecare, day provision and re-enablement (rehabilitation) and outreach care. Metrocare commissioner commented on the national funding context and the implications of a reduction of 37% in government funding to local authorities between 2010-11 and 2015-16, together with a reduction in the Council tax income.

Metrocare commissioner noted:

*We have a 25% fall nationally in local authority income once council tax is included between 2010-11 and 2015-16. But our overall reductions funded by government grants have reduced our revenue to £1.23 billion plus the amount by our council to £764million combining a total of £2billion. This means we have to adopt savings of £338 million in 2015-16. The national minimum wage cost charges are now £2.6 million in 2016/17...The adult social care budget costs us in 2016/17 £274.1million and we are in deficit of £70.9 million through austerity cuts.*

The 8 GMB union representatives argued for higher rates of pay for care workers, above the national living wage to the voluntary living wage. The GMB representatives focussed their efforts on the Transfer of Undertaking (Protection of Employment) [TUPE] arrangements, due to the fact that as former local authority care workers were transferred to private care homes, their conditions were protected but only for a period of time (1 year). Three care home managers (representing single care homes, regional care homes) and two local managers who were national providers highlighted that paying the national living wage rates for care workers was a challenge to funding.

In contrast a single Care Home Owner stated:

*Care home workers are our key assets but we cannot pay them any more money and they deserve more. They are our `raw assets` and we are dependent on their efforts and the local authority fees are simply not enough to fund extra pay for our staff [Small Single Care Home Owner, Focus Group].*

One regional care provider highlighted the problems with staff shortages:

*[We have] Shortages of nurses and have to pay significant agency fees to hire them and cover our homes and we simply cannot retain nurses. Our overall labour turnover is low but the reality is we subsidise the low local authority funding by private residents paying higher fees. This works in some areas but where local provision of local authority funded residents are increasing, as a percentage our private funders are not enough to cross-subsidise local authority fees.[Regional Care Home Director with Care Home Group., Focus Group].*

## **Phase 2: Interviews with Care Home Owners**

The three care home owners interviewed covered a range of care provider settings. They were asked for the employers' perspective of the effects of the National Living Wage increases and the potential to increase to the higher non-statutory Living Wage. Particular focus was on the strategic picture for the companies and how they managed the skills and challenges in the labour markets.

- ♦ Case 1-A single care home NEXUS, this was a family based venture in the same region and recently purchased from a national operator in 2014. NEXUS provided a 70 bed care home.
- ♦ Case 2-Company PLEXUS was a national care organisation that originally purchased homes using a hedge fund in 2012 and is one of the largest providers of care homes in the UK. It employs 35,000 staff and manages over 500 care homes nationally and 15,000 beds in specialist mental health hospitals.
- ♦ Case 3-TEXAS was a Care Company operating regionally and provided care homes and domiciliary care.

Key themes included reduced local authority funding and retention of care staff.

### **Strategic focus on pay**

NEXUS explained the strategy for the company:

*We bought the [care] home and streamlined [staff], having a manager and industry standards dictate you keep your payroll costs lower but we only had one manager when we took over and we planned to reduce turnover [which should be 55% or below] with industry standards. Then we decided to have two [home] managers because although we add to the payroll costs and profitability is not as big There two things:*

*[one] It's got the insurance against [one manager leaving]. So if anything happens before I would have two homes without a manager so this way we are erring on the side of safety and [two] I think we are setting up our business so that when we make our profit eventually then we want to leverage our expertise*

*and existing HR [payroll] base and hopefully replicate this practice somewhere else so we are like bleeding new talent and we are developing people-that is the idea [Director, NEXUS].*

PLEXUS MD outlined their Strategy:

*We bought PLEXUS from a Bank in a debt-fuelled £825m takeover. Most of the cash was borrowed using two loans sold on to investors — one worth £350m and the other £175m [MD PLEXUS].*

TEXAS MD decided to pay above the national living wage stating:

*We set up in 2012 and started training [staff] in 2013. We decided to set up as a provider with ethical workplace practices because my view was that poor working conditions were the primary problem with social care. At that time, it was quite well known that the [legal] minimum wage was not being enforced and we did not realise how bad it was until we entered the sector. We actually set up to pay above the national living wage to the real living wage [recommended by the Living Wage Foundation]. [MD, TEXAS].*

### **Local Authority Funding and Care Home Pay**

Owners' attitudes towards the possibility of further reductions in funding from local authorities illustrate the different views. One remarked, 'if costs are too high as in some regions we sell them [homes]. [MD PLEXUS]. While the MD TEXAS stated his company was mainly funded by private clients who self-pay therefore, reductions in local authority spending was not an issue. When the owners were asked how they will fund increases in the national living wage until 2020 responses varied;

*In one word if nothing else changes the minimum wage or national minimum wage keeps going up then it won't be sustainable. Because you can only pay what you earn really, you know you are doing this as a business. It is probably common sense. Now I will give you an example of what's just happened. So the national living wage from 1st April 2016 is a 7.5 per cent increase on what it was. 7.5 per cent is substantial increase in cost for the business. ....The problem is that [this Council] has the lowest funding in the whole country per week per bed [for care homes]. This problem is my grocery provider would put his prices up and everything would go up proportionally. But my income has not gone up proportionally. I don't see it going up proportionally up until 2020. What is the solution? So let's talk about the problem so right now the Council came back with I think what is a 5.5% increase, and I have to fund a 7.5% increase just on the payroll [Director NEXUS].*

In contrast the MD from PLEXUS stated:

*We cannot fund the care homes we operate on local government funding per bed...they will simply be sold off or close [MD, PLEXUS].*

The MD for TEXAS stated their pay rates are based on an adult's hourly rate of £10-20 per hour, plus overtime rates for nights and holidays, monthly advance rotas and a taxi home for workers working after 10pm.

In all three cases, the owners paid workers aged over 21 years the same rate as over-25-year olds with no differentiation for pay based upon age. The main reason cited for this was that these staff were as productive as over 25s and the need to retain younger staff.

### Phase 3: Care Workers' Interviews

The care workers were interviewed between January-July 2017. They were all female and working in a range of care homes across the Yorkshire Region and tracked by the researchers until March 2018. The details of the 29 respondents are in Appendix 1.

A summary of the respondents:

- Ethnicity: Respondents were predominantly white (n=27), African Caribbean (n=1) and Asian (n=1)
- Ages varied from 18-71 years with an average of 45 years (under 20 (n=2), 25-40 (n=5), 41-50 (n=12), 51-65 (n=9) and over 70+ (n=1).
- Employment varied from full time (n=17) and part-time status (n=11) and zero-hours (n=1) and worked in no other additional jobs apart from their care home post.
- Length of time in the care sector. Employees worked in the care sector between than 1 year (n=3); 1-5 years (n=8); 6-10 years (n=5); 11-20 years (7), 21-25 years (n=3), 26-30 years (n=1) and over 31 years (n=2).
- Hourly rates of pay for over 25-year olds varied but paid between £7.50-£7.59 (n=4), £7.60-£7.70 (n=11), £7.71-£7.99 (n=1), £8 to £9.99 (n=7), Night workers and managers were paid £10-£10.99 (n=2), £11.59 (n=1) and £18.19-£18.20 per hour (n=2). One 20-year-old was paid £6.70 per hour. (The National Living wage in 2017/18 was £7.50 per hour [April 2017 increasing to £7.83 April 2018] and the real living wage was set in April 2019 to £8.21 per hour. Five-night shift workers and 15 care home workers working weekends were mainly paid the same hourly rate with no additional enhancement.
- Retention rates were high with only 10% working less than a year in the same home (n=3). Staff working between 1-5 years were 28% (n=8), working 6-10 years were 17% (n=5), 11-20 years were 24% (n=7), and 21% working between over 21 years (n=6). Retention was high with 55% working less than 10 years and 45% working in same organisation for over 10 years.
- Job titles varied from duty manager/nurse (N=2), night workers (N=3), Night care assistants (n=5) care assistants (N=16), activities co-ordinator (N=1), cleaner (N=1), and kitchen assistant (N=1).
- Respondents worked in 15 different care homes across Yorkshire.
- Approximately 90 per cent of respondents had caring roles outside of work for children, parents and grandparents.

## Key Findings from the Interviews

- ♦ Respondents all reported that opportunities to improve their pay and conditions was low compared to other occupations.
- ♦ Nine care workers reported they were paid less per hour when working beyond contractual hours (see Appendix 1).
- ♦ Additional pay premia rates protected by TUPE regulations (for Bank Holiday, unsocial hours, weekend working, holiday entitlements and sick pay) was reduced in 2018/19 for seventeen respondents who had transferred in the previous two years from local authority conditions to 12 private care homes.
- ♦ Care workers recruited in the past two years, reported they were not entitled to any company sick pay scheme and only qualified for statutory sick pay (SSP).
- ♦ Holiday entitlements for all employees were reduced and paid at the statutory minimum rate.
- ♦ Additional Holiday entitlement for years of service was abolished.
- ♦ All interviewees over 18 years of age belonged to a pension scheme but were being transferred into schemes with reduced employer contributions.
- ♦ The majority care newly employed care workers paid slightly above NLW
- ♦ There were only two reports of managers not being paid for working extra hours.
- ♦ Statutory training was provided and there was an increase in online training, but payments for doing training were restricted to a single hour, despite it taking longer.
- ♦ The majority of respondents had to undertake mandatory online training at home due to workplace pressures.

## Respondents all reported the following issues:

- Care home residents now more dependent and less mobile than in the past 5 years.
- Care workers reported increased fatigue, due to long hours and caring for frailer clients compared to the previous 2-3 years.
- A constant sense of job insecurity was reported by all the care workers.
- Care homes were being acquired by care companies or private owners. In total 65 per cent of respondents in 14 different care homes reported employment transfers from local government employment and other private care home transfers.
- Shift work and long hours were predominant.
- Trend towards being paid a flat rate, whatever the shift, (e.g. nights, weekends or bank holidays).
- Care workers described their role as 'much more than a job' and 'you've got to want to work in this sector'.
- Many of the care workers reported their managers were highly supportive.
- Work is both physically and emotionally demanding.
- Changes in ownership resulted in further reductions in staffing hours, which led to a more intensive and stressful environment for care workers.
- An increased requirement for documentation and paperwork, reduced the time for direct contact and care with clients.
- There is a lack of time to complete the work and tasks required with less staff employed in each home.



## Care Workers' Perceptions of the job and Care Sector

Some comments on the nature of the job and the commitment to clients from interviewees included:

*It's difficult because in 12 hours a day they are like your second family. You spend half of your life with them [Night Worker, Respondent 24].*

*Sometimes, I go any time of the day[to work], I'll do reviews, I'll do risk assessments, I'll update the staff rota, I'll do the rotas for the service users, you know, like the tasks and the care packages that they have, making sure that it's all right and all correct [Care Manager, Respondent 5].*

*They [employers] expect everything out there but don't give you nothing in return and then they always cut...the job that you do is a job that you can either do it or you can't. And because you care about the residents, they're using it as an excuse to me as blackmail, I think. [Care Worker, Respondent, 28].*

There was a consensus amongst respondents that the image of low pay and challenging work in care homes continued and stereotyped care workers:

*I think people just look at us and think, "Oh, you know." Sometimes I think you think they're the lowest of the low that you sometimes I think you find yourself, "I'm just a carer." I don't think that people really understand what it entails. I don't think anybody does. I think for some people they think that caring means you go and sit with little old ladies and do their knitting, and chat about the Second World War and but that's not the nitty-gritty.[Night Care Assistant, Respondent, 22]*

*I think that the care industry continues to get a bad press. There's constantly [TV Documentary] programmes that are putting the care industry in a bad light and I think that doesn't help matters either". [Night Care Assistant, Respondent 22].*

Care workers regarded themselves as advocates of the client in care homes.

*One of the care staff roughly arguing a point, the manager turns around and says to him, "If you don't like it, leave." But they've got to realise this, care staff in our building have been there years, we do not have a big turnover of staff. We will not have agency staff because they don't know our residents and it will affect the routine. Because people with dementia-they're very fragile, so for people to turn around and say, "Well, leave," and you're only arguing your point for the resident's wellbeing is wrong. They won't listen to you. You've got nursing staff that don't listen to you, but they don't actually know the residents because they don't work with them, they just do paperwork, they don't understand" [Night Care Assistant, Respondent 23].*

## Pay in the Care Sector

All respondents expressed concern about pay reductions following the transfer of care homes from local authorities, loss of protected pay after 2 years and that part-time and full-time workers were paid less per hour for any additional time they worked. The increase in the national living wage also affected staffing and care workers' perception of pay and retention (See Appendix 1). Comments included:

*I think my main thing is pay. On the grounds that ...I'm fully aware that we've lost a lot of staff because of pay. [Deputy Manager, Respondent 5]*

*One care worker reported "We've had a pay freeze for five years". [Care Support Worker, Respondent, 27].*

There is also a problem of the need to care for family at home reported by one respondent who stated:

*I'm really in a catch-22 situation. Even though I don't do very good financially, I'm always skint. I can't work more hours because I'm only able to earn a certain amount while I am my Nan's carer [Domestic Cleaner, Respondent 25].*

## Low levels of pay for care workers

Respondents when asked about their pay identified that low levels of pay was an issue in their workplace. One respondent stated,

*"I know a couple that work [in the care home]. One works in the kitchen and the other is a carer and they're hand-to-mouth every week. They are just, they're not making ends meet at all" [Night Care Assistant, Respondent 24].*

*My pay is completely changed. And I don't know if it helps, I actually earn the same amount now than I did 10 years ago [Care worker, Respondent 18].*

Other comments included:

*You know, it is for the love of the job. But I think it would make people a little bit happier if they pay them a more decent wage [above the living wage], yeah, definitely [Nurse, Manager, Respondent 21].*

*One night care worker who started on a rate of £7-21 per hour in November 2015 and experienced minimum rate rises stated on their starting pay, "Whoever thinks people can live on £7.50 [in April 2017] an hour obviously doesn't live in the real world, I don't think" [Night Care Assistant, Respondent 23].*

In April 2017, the rate increase for over 25-year-old (adult rate) interviewees was minimal. One stated,

*"I mean, when the wage goes up I'm going to get 5p more [per hour] [Night Care Assistant, Respondent 22].*

One further issue identified was pay inequality for younger workers. A Care Assistant earning £6.70 per hour [in 2018] stated:

*Because I'm only 20, I get a lot less money, I'll say a lot less money. My [relative] works for the same company, she's a cleaner but she gets £7.50 and I'm a care assistant and I get, I think it's either £6.70 or something like that. But what I don't understand, obviously, it's because of different ages, but I live on my own as well, I also pay bills as well, so just because of different ages, like we have the same bills to pay – like me and my [relative], you know – same bills, but just because we're different ages, I get less money [Care Assistant, Respondent 26].*

Other examples highlighted that care workers who started employment over the last two years were paid lower pay rates than existing staff, but still slightly above the NLW. A care assistant who started work in 2017 was offered only part-time work and paid £7.50 per hour [an adult rate for over 25 year olds] and confirmed that their wage was lower than colleagues. Another respondent cited a similar experience. A respondent explained the reasons for the pay differences as:

*Some workers are getting a lot more [per hour] than other care workers, they're ex-council [workers]. I think it is wrong really because they are doing the same job. I don't get why that's in our contract to get paid less than ex-council staff do" [Care worker, Respondent 9].*

Pay rates and conditions (including shift premia, bank holidays and weekend premia rates) for care staff transferred under TUPE arrangements were initially maintained, whilst recently employed staff recruited to the same role received lower hourly pay and no premia conditions (see Appendix 1). In order to highlight pay inequality one respondent compared occupations in other workplaces and noted,

*"Well blokes on motorways get paid £14 for digging holes. But when you think what people have to put up with [in care homes] on a daily basis. I mean, the people who decide what they should we get paid should go and do it for 24 hours, watching them or doing the graft or just watching them do it and then decide how much they should get paid" [Domestic Cleaner, Respondent 25]*

A care assistant paid £7-50 [per hour] stated:

*You know, you do a lot of work for very poor pay really. And I just think that people get... I think they get fed up, morale becomes low and they just go on to better things which are less stressful and you receive an equivalent amount of pay [Night Care worker, Respondent 22].*

Commenting further the same respondent [limited to part-time contract] stated,

*On adult rates [of £7-50], No, I don't think the pay is enough. I think you need far more pay to encourage a wider spectrum of people into the care industry. I think it's very bad that young people don't get an equal pay. I think it should be equal pay across the board for whatever age you are [Night Care Worker, Respondent 22].*

Commenting on care home adult rates [of £7-68 in March 2017] an 18 year old care assistant compared their occupation and effort to cleaning in care homes and remarked:

*If you actually get the £7.68 already I think it should be a lot more. Without sounding rude, the cleaners they do four shifts a week, but they're only four hours shifts and they get the same amount of money and it's a lot less work than we have to do and it's a lot easier work. Like, you know, ours is hard work going in and trying to treat these residents as humanely as possible when they can't do anything for themselves, they can't eat properly, they can't talk, they can't move and you're having to do everything as well as like the hygiene, the personal areas, you know. It's physical work and it's emotional work. And then I don't think that it's right the cleaners get the same amount of money as them [Care Assistant, Respondent 9].*

## **Employees knowledge of the National Living Wage Rate**

Interviewees were asked whether they had heard of the living wage and their knowledge of pay rates. Only five respondents could name the correct rate for the living wage, 24 respondents trusted their employer to inform them of pay and any increases in the living wage.

When asked what the living wage/national minimum wage rate was the answers varied:

*I've heard of it, well it's like £7.50 and the rest, and that's what people need to earn an hour to live on [Night Care Assistant, Respondent 23].*

*Yes I am aware that the 'real' living wage is lower than the [national living wage]. And the fact that, you know, when they're trying to get everybody up to the 'real' living wage so that we all have better wages [Care worker, Respondent 22].*

One respondent highlighted how the living wage increase was communicated in their care home:

*Well, I'll tell you. When this new fellow [Manager] took over the care home, the first thing they did was give us a rise. So, a lot of us we said, "Well, he's only giving us a rise because he's got to give a rise [by law]. And he's done that and the younger people perhaps don't realise they think, "Oh, it's wonderful. He's giving us a rise," so immediately you're really pleased. But the older ones of us who know he's just doing it because in a few months' time he's got to do it [Care worker, Respondent 22].*

## Improving pay in care homes

Care workers were also asked what opportunities there were to increase their pay and the majority identified that it was limited. The twelve part-time care workers would have preferred to work full-time, but this was not available. It is important to note that 17 ex-local authority respondents in 12 care homes were working under TUPE arrangements on a fixed protected hourly rate paid (by the local authority at the time of their transfer [for 2 years]). These care workers had been given 6 months' notice that their contractual rates of 'enhancements' which included special payments for working weekends, nights and additional holidays for long service would be reduced, together with changes to statutory sick pay and transfer to a pension scheme with reduced employer contributions and enhanced employee contributions. All workers stated they could not afford to accept these reductions in their pay as the loss of 'enhancements' reduced the overall take-home pay their conditions. Respondents stated how this would affect their income:

*Well I am going to lose approximately £3,500 a year plus 5 days reduced holidays" [Night Team Manager, Respondent 4].*

Another respondent noting the loss of pay enhancement of £63 per week for night allowances and double-time at weekends, stated,

*"Well that's to put me below the breadline" [Night Care Manager, Respondent 10].*

The staff recruited to the care homes in the past 18 months remarked that their pay rates per hour were either the same as the living wage hourly rate in 2017 [£7-50] or lower for under 25-year-old respondents, with no additional premium hourly rates for working nights, bank holidays or shift work. This indicates a trend towards payment at a lower rate of starting pay for all newly recruited staff employed in the care homes the past 2 years irrespective of the length of their previous work experience or qualifications.

## Job Satisfaction for care home workers

All the respondents expressed a deep commitment to and job satisfaction with caring for residents. The following quotes illustrate this:

*I think I like being within care homes and caring for people, you know, I enjoy that [Care worker, Respondent 22].*

*I want to do more caring. I want to see more people in the care industry so I've got more time. And I think that's my biggest frustration that I haven't got enough time to do the things I want to do for the people that I'm working with [Care worker, Respondent 24].*

*For me personally, working nights and because I only do a few nights, the work life balance is very good. But in other people I see it as a problem for the people who work full time. They're very tired and I do believe it affects their life outside of work [Night Care Assistant, Respondent 20].*

*I spend half my working life in this home and I love every minute of the day` [Night Care assistant, Respondent 24].*

When asked, Do you have any suggestions that would improve your work here? All the respondents thought the most important factor was to improve their client's care and rated it more important than a pay rise, stating:

*I love caring and I do enjoy it, but I find it more and more frustrating. The biggest problem for me is not having enough staff because that.... If I have more staff, I have more time to do the care that I want to do and that's the biggest thing [Night Care Assistant, Respondent 22].*

*I think a little bit more recognition from people that it's actually a hard job and it's a job that we all are going to need somebody to look after us at some stage [Care worker, Respondent 11].*

*One owner once said to me that care staff are ten a penny, and that's an awful comment for me [Care worker, Respondent 25].*

## Summary

The findings from the focus group, owners and care workers indicate that the major issues affecting care workers' pay are: reductions in work conditions, decrease in pay, cuts to local authority commissioning and the funding of care home places and employers' funding an increases in the NLW. There is some consensus about the importance of pay and the living wage from care home owners, local authorities and managers. However, there is less agreement about how it should be funded.

## Key Findings

1. Care workers receive the same rates of pay as most other workers in care homes, irrespective of the role they do (cleaners, catering, domestics).
2. Employers and owners stated that local authority funding was insufficient to fund increases in the NLW since 2015.
3. Care workers identified pay as an issue, but stressed that more staff and additional time to do the job are equally if not more important.
4. Respondents were unclear about the hourly living wage rate and level at which it is set. They were clear that the higher rate of pay for the `Voluntary Living Wage` recommended by the Living Wage Foundation was a rate they could survive on.
5. Care workers compared their work to other occupations within and outside care homes and believed their work was less valued and underpaid.
6. Ex-local authority care workers have experienced reduced pay and conditions after TUPE arrangements ended.
7. Care workers employed in the past 12-18 months were paid lower rates of pay and received significantly worse conditions than current staff in care homes, despite performing the same job and having the same qualifications in care work and experience.
8. Nearly all part-time workers would prefer full- time work or more hours to boost their income, but this was not an option, despite requests.
9. Recognition that pay rises will be a factor both to attract and retain care workers.
10. Young workers aged under 25 years were paid lower hourly rates, despite their NVQ qualifications and experience.
11. Insufficient staff and staff shortages generated significant work pressures for care staff.
12. Although mandatory online training is provided the remuneration for undertaking it is limited to a single hour's and training takes longer.
13. Care workers enjoy their job, and gain high satisfaction at work, but identified there are key challenges which include reductions in staffing levels and conditions of employment.
14. Job satisfaction can be enhanced by increasing staffing levels

# 4

## 4. Conclusion

A focus of the study was to examine the working practices and contracts for care workers including direct hourly pay, indirect pay (including pay premia rates, overtime working, incentive pay, pension contributions and annual leave entitlement). This study also explored the potential to promote and increase the number of low paid workers receiving the Living Wage Foundation rate in the region, as this was a key objective for the Sheffield Fairness Commission (2013). The following discussion will address these issues.

The findings show that care workers who transferred from local authority employment to private sector care homes pay rates were falling and they expected to earn less in the future due to the end of their TUPE cover [which they termed 'enhancement pay']. The care workers with TUPE protected pay and conditions highlighted there had been a reduction in their conditions of pay rates for weekends, working shifts and bank holiday enhancements after 2 years (in 2018). After the end of TUPE cover, the number of days paid for holidays was reduced, forcing respondents to work additional days. Overall, these pay reductions have significant implications for care workers who lost their premium pay rates. In contrast, newly recruited care staff, in the past two years (irrespective of age), were paid hourly rates of pay, slightly above the statutory legal rate for the living wage. These findings suggest that the potential to promote and increase the number of low paid workers receiving the Living Wage Foundation rate in care home in the region is limited (Sheffield Fairness Commission 2013). This is due to changes in TUPE protected arrangements for some of the care workers and employers' reluctance to pay the living wage rates.

Younger workers aged under 21 were particularly vulnerable to lower rates of pay despite having the same NVQ level qualifications and working the same hours as workers over 25 years of age. Managers and co-workers all indicated their younger colleagues (aged fewer than 21) worked and performed the same roles and therefore should be paid the adult rate. Care home employers interviewed (in Phase 2) acknowledged these constraints and therefore paid all their staff aged fewer than 25 the full adult rate. This was not the case for the care workers interviewed in Phase 3. Care workers believed lower pay rates were a barrier to the future recruitment of younger workers into the sector.

Care workers expressed anxiety due to the uncertainty as care homes continue to be sold or transferred from local authorities to new owners and believed this would affect their future pay and conditions. At the same time, work pressures and client needs are changing the work of the care worker and intensifying work.





## 5. IMPLICATIONS OF THIS STUDY FOR LOW PAY COMMISSION QUESTIONS

### 5.1 The Study Related to Questions Related to the Low Pay Commission (April 2017)

The Study Related to Questions posed by the Low Pay Commission (April 2019)

5. What has been the impact of the NLW since April 2016? The rate is currently £7.83 and will rise to £8.21 in April 2019. Our critical interest is in views or data on the NLW's effects on employment, hours and earnings

***In this study of care homes in Yorkshire, the evidence shows there is wide variation from the employees' perspective of the pay and conditions. Different rates of hourly pay applied depending on TUPE status and recent starters (since 2016/17) receive lower hourly rates for the same role. Pay rates are all subject to minima criteria set by the NLW but are not related to age, NVQ training or experience in care work. TUPE related pay and conditions are changing and reducing since 2016/17 with care workers' conditions considerably lower after the TUPE period ceased in 2018.***

6. To what extent has the NLW particularly affected certain occupations or industries, types of firms (small, large etc), regions or groups (for example women, ethnic minorities, migrant workers etc)? April 2020 rates of the NLW and other minimum wage rates.

***Analysis is related to care workers in small to medium sized care homes in Yorkshire. The study highlights this sector is relatively low paid, is a predominantly female workforce who are experiencing reduced conditions after transfer from local authorities to privately run care homes. There were no migrant workers in the study. Pay rates are the same for new employees and more experienced workers (with similar qualifications, experience and expertise in care home roles). Owners of Care homes all expected the care sector to expand, but two expressed concern that current funding from local authorities in Yorkshire was too low to fund the rates in the NLW since 2016 set by the Low Pay Commission.***

7. Under our latest forecasts, the target April 2020 rate for the NLW would be £8.67. Do you agree that the LPC should seek to meet this target?

***It is important to note that any increase in the NLW has implications for care home owners. Overall, they are averse to increases in NLW pay rates as funding received from local authorities does not cover the additional cost of an increase in pay set by the LPC.***

***Most employees have little knowledge of NLW rates and rely on employers to inform of rate increases.***

8. What do you predict would be the effects of a rate of £8.67 in 2020 (earnings, employment, and competitiveness)?

**Employers were concerned about their ability to pay this rate as funding from local authority is reduced or capped. This has been raised by large national and regional smaller and mediums sized care homes since 2016/17.**

9. At what level should the 21-24-Year-Old Rate be set in April 2020?

**Respondent data also included two interviewees aged 18 and 20. Young workers were particularly vulnerable to lower rates of pay, despite having the same NVQ qualifications and working the same hours as workers over 25 years of age. Managers and co-workers all indicated younger staff aged 21 (and under) all performed the same role and exerted the same work effort and deserve the adult rate. Co-workers believed this was a barrier to future recruitment and retention of younger workers into the care sector. What was important to note is that the small group of under 21s and under 25-year olds were all living independently and highlighted they the same bills as adults aged over 25.**

10. At what level should each of the other rates of the minimum wage be set in April 2017 – that is, for 16-17 year olds, for 18-20 year olds, for apprentices, and the Accommodation Offset?

**Not applicable to this study so can not comment. There were two respondents. One was paid a rate of £6.70 whilst the other was paid £7.68 (in 2018)**

11. What, if any, are the barriers to larger increases in the 21-24 Year Old rate, 18-20 Year Old Rate, 16-17 Year Old Rate and Apprentice Rate?

**The main barriers to owners paying the above rates is: they have reduced income due to cuts in local authority on care, higher staff costs and a belief they can't afford to do it. Smaller care home owners would pay the adult rate for under 25-year olds if there were labour shortages.**

12. Reflecting on your experience of the NLW since its introduction in 2016, what lessons do you think should be learned for the period after 2020?

**Firstly, nearly all care workers in this study are still paid just above the NLW rate. Since 2016 most new care workers were employed predominantly part-time (e.g. 14 hours week), although they wanted full time work. Any additional hours they worked was paid at a lower rate than their contractual rates. The real problem is the removal of additional premia rates of pay for unsocial hours (e.g. evenings, nights, weekends, and bank holidays). Most care workers transferring from local authority employment experienced reductions of actual net and gross take home pay (including care home managers and supervisors) since 2016.**

13. Given the Chancellor's statements in the 2018 budget, what are your views on the future trajectory of the NLW and other NMW rates after 2020? What considerations should inform this?

**Potentially, the private care market will expand, but the most significant impact is the owners refusal/inability to pay rates above the living wage apart from owners who wishes to retain staff and improve employee engagement.**

14. What has been the effect of the minimum wage and the NLW on workers aged 21-24 and what effect do you think this has had on their employment prospects?

**No comments.**

15. To what extent are firms using the 21-24 Year Old Rate (set at £7.38 since April 2018 and rising to £7.70 in April 2019)?

**Respondents aged 18-20 did the same job role and training as staff aged over 25 and yet were paid lower rates compared to adult rates for over 25-year-old care workers. Owners of care homes all agreed that to retain their staff and irrespective of their age they would pay the adult rate for over 25-year olds to all over 21-year olds staff.**

## Young people and apprentices

16. What do you think has been the effect of the minimum wage on young people, and on their employment prospects?

**No comments.**

17. What has been the effect of the Apprentice Rate on the pay, provision and take-up of apprenticeship places, and training volume and quality?

**Not applicable as there were no Apprenticeships in the care homes studied.**

18. What are your views on the Apprentice Rate given the substantial policy changes to apprenticeships in England? Should the design of the Apprentice Rate change in response? If so, how?

**No comment from study.**

19. What influence do other policies – for example, National Insurance and/or the Apprenticeship Levy – have on employers when deciding whether to employ young workers or apprentices?

**No comment from study.**

## Compliance and enforcement

20. What issues are there with compliance with the minimum wage? Has the NLW affected compliance and enforcement? Are there any other trends, for example in particular sectors or groups?

**All owners complied with NLW rates. However, few care workers knew the legal rates for the living wage and believed their companies and employers were compliant. Only five care workers could identify the correct rate and the remaining 24 trusted their employer to inform them of changes.**

21. What comments do you have on HMRC's enforcement work? What is your opinion on the quality and accessibility of the official guidance on the NLW/NMW?

**It must be noted that not all respondents have access to computers and technology at home or mobile phones with connections to access this data.**

22. What more could be done to improve compliance with the NLW/NMW?

**Respondents did not identify non-compliance, but some younger care workers were paid on adult rates until their rate was clarified.**

23. What are your views on the Accommodation Offset and the extent to which it is protecting low-paid workers? What difference, if any, have the increases in the rate since 2013 made to the provision of accommodation?

**No comment from study.**



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## Staff Respondents in Adult Care Sector Care Homes

Ref	Role	Age	Gender	Hours	Contract	Hourly rate	Rate Above NLW £7.50 (%) per hour	
1.	Care Assistant	59	F	24	Part-time	£8-00	6.0	
2.	Care Assistant	50	F	36	Full-time	£7.64	1.8	
3.	Care Assistant	46	F	32-50	Full-time	£7-68	2.4	
4.	Night Manager	52	F	31.5	Full-time	£10-88	45	
5.	Deputy Care Home Manager	56	F	37.5	Full-time	£18-19**	142	
6.	Care Assistant/shift	42	F	36	Full-time	£8-20	9.3	
7.	Care Assistant	60	F	24	Part-time	£8-20	9.3	
8.	Care Assistant	45-60	F	37	Full-time	£7-65	2.0	
9.	Care Assistant	18	F	24-31	Part-time	£7-68	2.4	
10.	Night Manager	50	F	31.5	Part-time	£11-59	54.5	
11.	Care Assistant	46	F	24-31	Zero	£7-68	2.4	
12.	Care Assistant/Kitchen	56	F	37	Full-time	£7-99	6.5	
13.	Care Assistant	36	F	24	Part-time	£7-64	1.8	
14.	Care Assistant	45-65	F	37	Full-time	£7-65	2.0	
15.	Care Assistant	54	F	29	Full-time	£8-83	17.73	
16.	Care Assistant	54	F	30	Full-time	£7.64	1.8	
17.	Care Assistant	71	F	24-31	Part-time	£7-68	2.4	
18.	Night Manager	40-55	F	20	Part-time	£8-00	6.0	
19.	Care Assistant (Nights)	42	F	44	Full-time	£7-68	2.4	
20.	Care Assistant (Nights)	33	F	30-40	Full-time	£7-68	2.4	
21.	Nurse Manager	42	F	44-60	Full-time	£18.20**	142	
22.	Care Assistant (Nights)	60	F	15	Part-time	£7-50	0	
23.	Care Assistant (Nights)	40-55	F	30	Full-time	£7-50	0	
24.	Care Assistant (Nights)	40-55	F	33	Full-time	£10-21	36	
25.	Domestic Cleaner	30-45	F	16	Part-time	£7-50	0	
26.	Care Assistant	20	F	33	Full-time	£6.70*	0	
27.	Care Assistant	54	F	36	Full-time	£9.45	26	
28.	Care Team Leader	45	F	30	Full-time	£8-54	13.8	
29.	Care Assistant	30-55	F	22	Part-time	£7-50	0	
Average		47.3		30.3		£8.80		

# Appendix 1

	Time in ACS Employment	Overtime Rate/Hourly Rate	Home Sick Pay Scheme	Holiday Pay	Reduce T & C?	Care Home Reference	Size/Type
	36 years	Fell £7.65	Yes	6 weeks	Yes	A	40 Bed
	1 year	£7.64	No	5 weeks	No	A	40 Bed
	11 months	£7.68	No	5 weeks	No	C	40 Bed
	21 years	£10-88	No	5 weeks	Yes	C	40 Bed
	17 years	None paid	Yes	6 weeks	-£3500	O	45 Bed
	12 years	£7.68	No	5 weeks	Yes	C	40 Bed
	10 years	£7.50	No	5 weeks	-£2000	C	40 Bed
	2 years	£7.50	No	5 weeks	Yes	C	40 Bed
	7 months	£7.50	No	5 weeks	Yes	C	40 Bed
	26 years	£9.28	No	4 weeks	Yes	B	50-60 Bed
	17 years	£7.68	No	5 weeks	No	D	40 Bed
	36 years	£7.58	No	5 weeks	-£15.19	C	40 Bed
	1.5 years	£7.64	No	4 weeks	No	D	40 Bed
	2 years	£7.65	No	28 days	No	E	50 Bed
	23 years	£7.60	No	4 weeks	-£3120	D	40 Bed
	18 months	£7.64	No	5 weeks	No	D	40 Bed
	6.5 years	£7.68	No	5 weeks	No	F	50 Bed
	24 years	£8.00	No	5 weeks	No	F	50 Bed
	16 months	£7.68	No	5 weeks	No	F	50 Bed
	4 years	£7.68	No	4 weeks	No	F	50 Bed
	13 years	None paid	No	5 weeks	No	F	50 Bed
	10 years	£7.50	No	5 weeks	No	G	40 Bed
	15.5 years	£7.50	No	5 weeks	No	H	40 Bed
	17 years	£10.21	No	5 weeks	No	I	50 Bed
	20 months	£7.50	No	5 weeks	No	J	40 Bed
	2 months	£6.70	No	5 weeks	No	Contractor K	40 Bed
	14 years	£9.45	Yes	5 weeks	No	Care support Co L	50 Bed
	7 years	£17.08	Yes	5 weeks	No	Care support Company M	40 Bed
	6 years	£7.50	Yes	5 weeks	No	Care Home N	30 Bed
	11.3 years						



# THE LIVING WAGE: A REGIONAL STUDY OF CARE HOMES IN YORKSHIRE

**17th April 2019**

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